

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

00-017

2. STATE:

CO

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL
SECURITY ACT (MEDICAID)TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

July 1, 2000

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

42 CFR 447.253

7. FEDERAL BUDGET IMPACT:

a. FFY 2000 \$ (625,000)b. FFY 2001 \$ (2,500,000)

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

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9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):~~New~~ Same

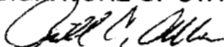
10. SUBJECT OF AMENDMENT:

Hospital Rate inflation subject to state appropriation

11. GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL☒ OTHER, AS SPECIFIED:As per Governor's letter
dated December 14, 1994

12. SIGNATURE OF STATE AGENCY OFFICIAL:



13. TYPED NAME:

Richard C. Allen, Director

14. TITLE:

Office of Medical Assistance

15. DATE SUBMITTED:

September 30, 2000

16. RETURN TO:

Colorado Department of Health Care
Policy and Financing
1575 Sherman Street
Denver, CO 80203-1714

attn: Deborah Collette

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

September 28, 2000

18. DATE APPROVED:

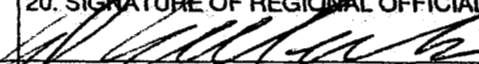
2/27/01

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

7/1/2000

20. SIGNATURE OF REGIONAL OFFICIAL:



21. TYPED NAME:

David R. Selleck

22. TITLE:

Acting Associate Regional Administrator

23. REMARKS:

POSTMARK: Handcarried

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Under no circumstances shall the annual weighted average increase in cost within any peer group driven by this calculation exceed a 7% limit.

4. The annual inflator is subject to changes in appropriations made by the General Assembly and the annual inflator may be adjusted by the Department accordingly. Prior to the start of the State Fiscal Year providers will receive a letter from the Department describing how the rate, including inflation, was calculated.
- C. On the third year (July, 1993) rates shall be calculated based upon the audited cost reports available for each facility for FYE 12/31/90. If the audited cost data show that the annual inflators were too high, or if they show the inflators were too low, the actual cost from the reports available for FYE 12/31/90 shall be used. There shall be NO retrospective changes to the rates if/when the "third year" rebased rates show that the 7% annual inflator was inaccurate.
- D. Beginning July, 1993, rates shall be recalculated or rebased every third year and the annual inflator shall be used to increase the rates in the interim years.
- E. In rebasing years, the initial base rate for pediatric specialty hospitals will be attributed to the routine, ancillary, capital, and medical education cost centers, proportionally, based on the actual costs from the most recently audited cost report. The cost per discharge for the medical education cost center, which is capped at 100 percent, will be deducted from the initial base rate and the remainder will be attributed to the other three costs centers in proportion to actual costs. These figures, which will add up to the total base rate, will represent the pediatric specialty hospital peer group caps for the routine, ancillary, and capital cost centers. These figures will be used as the starting point for subsequent payment cap adjustments as described in the previous definition of Base Rate.

TN No. 00-017
Supersedes
TN No. 97-009 Approval Date 02/27/01 Effective Date 07/01/00

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3. Effective for dates of service after July 1, 1991, exempt hospitals will receive annual modifications to per diem rates. Based on hospital-specific annual projected inpatient cost increases and changes in consumer price index, per diem rate increases or decreases will be authorized subject of a maximum increase of 7% annual limit. Beginning in July, 1993, and for future PPS hospital rebasing periods, the maximum amount of any cost increase granted to an exempt facility's per diem rate shall be no more than the weighted average increase in the base rates of participating PPS hospitals. This exemption from the 7% annual limit shall be in effect only for the State fiscal year 1994 and for every year thereafter when PPS hospital base rates are recalculated. In no case, shall the per diem rate granted to an exempt hospital exceed the facility's Medicaid cost per day.
4. Exempt hospitals are eligible for the Major Teaching Hospital and Disproportionate Share Payments.
5. Non-emergent inpatient medical care rendered at an out-of-state hospital to a Colorado Medicaid patient must be prior authorized by the Department, based upon review and recommendation by the Peer Review Organization (PRO).
6. Payment for out-of-state and non-participating Colorado Hospital inpatient services shall be at a rate equal to 90% of the average Colorado Other Urban or Rural DRG payment rate. Out-of State urban hospitals are those hospitals located within the Metropolitan Statistical Areas (MSA) as designated by the U.S. Department of Health and Human Services.
7. Effective January 1, 1992: When needed inpatient transplant services are not available at a Colorado Hospital, payment can be made at a higher rate (than 90% of the average Colorado Other Urban or Rural DRG payment rate) for non-emergent services if the provider chooses this payment method. When not reimbursed at a DRG payment rate the out-of-state hospital will be paid based upon the following criteria:
 - a. Payment shall be 100% of audited Medicaid costs.
 - b. In no case shall payment exceed \$1,000,000 per admission.
8. All hospitals participating in the Medicaid program will submit Medicaid and total hospital utilization, statistical, and financial data to the Colorado Hospital Association Data Bank Program. If a hospital does not report to the Colorado Hospital Association Data Bank, the State agency will send the required format for reporting this data.

TN No. 00-017
Supersedes
TN No. 97-007

Approval Date 02/27/01

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